

SPEECH

OF THE

HON. R. HARCOURT,

TREASURER OF THE PROVINCE OF ONTARIO,

DELIVERED ON THE 19th FEBRUARY, 1892,

IN THE

LEGISLATIVE ASSEMBLY OF ONTARIO,

ON MOVING THE HOUSE INTO COMMITTEE OF SUPPLY.

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1892.

FINANCIAL STATEMENT

OF THE

HON. R. HARCOURT.

LEGISLATIVE ASSEMBLY,

TORONTO, Friday, 19th February, 1892.

HON. R. HARCOURT, Provincial Treasurer, who was loudly cheered on rising, said :—For the second time, Mr. Speaker, I ask the indulgence of the House while, as briefly and as clearly as I can, I discuss, first, the financial operations of the Province for the year just closed, and secondly, take a prospective view of the operations of the year upon which we are now entering. Were it not that these financial questions have a perennial interest for our ratepayers, I would shrink from my task, since in these yearly statements much repetition is unavoidable, and a somewhat wearisome recital of figures seems absolutely indispensable. When I remember, however, that our position financially is an enviable one, that our progress has been both steady and marked, that we have been able year by year to meet so many demands in the way of new undertakings and give increased aid to Educational, Charitable and Agricultural Institutions, and at the same time keep in reserve a large surplus upon which we can draw to meet emergency expenditures, my task seems to grow lighter, and I enter upon it with less fear of wearying the House.

RECEIPTS OF THE PROVINCE.

1891.

SUBSIDY.....	\$1,116,872 80	
SPECIFIC GRANT.....	80,000 00	
	<hr/>	\$1,196,872 80
INTEREST ON CAPITAL HELD, AND DEBTS DUE BY THE DOMINION TO ONTARIO.....	300,000 00	
INTEREST ON INVESTMENTS.....	41,023 31	
	<hr/>	341,023 31

CROWN LANDS DEPARTMENT :—

Crown Lands.....	92,815 29	
Railway Lands.....	16,880 44	
Clergy Lands.....	4,046 05	
Common School Lands.....	8,609 31	
Grammar School Lands.....	1,165 53	
Rent <i>re</i> Lands.....	5,271 28	
Woods and Forests.....	1,022,619 31	
Casual Fees.....	2,804 47	
Refunds.....	5,470 07	
	<hr/>	1,159,681 75

ALGOMA TAXES.....	4,155 63
LAW STAMPS.....	84,557 67
LICENSES.....	298,183 96
EDUCATION DEPARTMENT.....	41,766 92

PUBLIC INSTITUTIONS' REVENUE :—

Toronto Lunatic Asylum.....	38,265 09	
London ".....	9,148 08	
Hamilton ".....	9,188 66	
Kingston ".....	3,835 63	
Orillia ".....	2,129 93	
Reformatory for Females.....	3,798 38	
" Boys.....	676 10	
Central Prison.....	63,017 56	
Deaf and Dumb Institute.....	175 40	
	<hr/>	130,234 83

CASUAL REVENUE :—

Provincial Secretary' Department.....	9,298 09	
Registrar-General's Branch.....	198 89	
Fines, etc.....	4,005 33	
Insurance Companies' Fees.....	775 00	
Surrogate Court ".....	2,560 50	
Division " ".....	9,101 82	
Land Titles Office.....	27 55	
Offices of Local Masters.....	827 90	
Official Gazette.....	12,159 54	
Private Bills.....	4,012 00	
Statutes.....	1,313 60	
Consolidated Rules of Practice.....	37 50	
Incidentals.....	1,834 67	
Refunds.....	334 00	
	<hr/>	46,486 39
Insurance Companies' Assessments.....	2,999 19	
Removal of Patients.....	6,376 22	
	<hr/>	9,375 41

MERCER REFORMATORY—CAPITAL ACCOUNT.....	116 63
DRAINAGE WORKS ASSESSMENTS.....	14,299 80
NEW PARLIAMENT BUILDINGS FUND.....	315 74
	<hr/>
	3,327,070 84
DRAINAGE DEBENTURES	37,453 25
“ TILE	5,065 00
SALE ANNUITIES.....	269,000 00
“ DOMINION BONDS	500,000 00
	<hr/>
	4,138,589 09
	<hr/>

I will first speak very briefly of our receipts. We estimated to receive during the year from ordinary sources \$3,298,822. We actually received \$3,327,070, so that we have an excess of receipts over our estimate to the amount of \$28,248, a result which is, I am sure, very satisfactory to the House.

I need say but little as to several of our well-known items of receipts. The subsidy, of course, remains the same. It represents 80 cents per head of our population according to the census of 1861. According to our present population it represents only 57 cents per head. If we were to receive 80 cents based on the last census our subsidy would be increased by about \$575,000 a year. An increase of population adds to our expenditure, to our cost of Government, while on the contrary it brings, because of the increased consumption of dutiable goods, additional revenue to the Federal Treasury. Our receipts from Crown Lands exceeded our estimate by the considerable sum of \$59,682. From Woods and Forests Branch alone we received \$22,619 more than our estimate. The Commissioner was compelled during the year to sell some partially burnt timber tracts, and the House will be pleased to learn that, largely due no doubt to prudent advertising and consequent keen competition, he received unexpectedly good prices for them. These sales, however, do not in any way affect last year's receipts, since the first payment to be made on their account will be made during the latter part of this year, the custom of the Department being not to exact payment until the timber is cut or sold.

CROWN LANDS REVENUE.

Some general remarks as to this very important source of revenue may interest the House. Since 1872, the year when our honored leader became Premier, the gross receipts from the Crown Lands Department have amounted to \$17,253,250, or an average for the twenty years, including 1891, of \$862,662 per year. The largest sum received during any one year

was received in 1872, the amount being \$1,437,372; the smallest receipt, viz., \$445,278, was that of the year 1878. Occasionally it has been argued that we have been wasting our patrimony and squandering our capital, and that we sell timber limits in order to get funds to meet extravagant expenditures. No details are ever given as to the alleged extravagance, and it is admitted that as settlement advances sales of timber must from time to time be made. While it is contended that our capital should be kept intact, it is admitted that all interest received may be expended for the ordinary requirements of government. The fact that it would be utterly impossible to continue to give our large customary grants to Education, Agriculture, Asylum Maintenance, etc., without drawing upon Crown Land receipts is conveniently overlooked. I will briefly show how these Crown Lands Department receipts have been expended. The gross receipts from sales of Crown Lands, one branch of the Crown Lands Department, since 1872 amount to \$3,582,176, of which sum \$1,114,406 is made up of accruals of interest. The total receipts from Woods and Forests during the same period amounted to \$13,671,074.

Of this sum \$855,083 represents ground rents, which we all admit may, like interest receipts, properly be spent year by year in assisting to meet our ordinary expenditures. From the gross receipts we should deduct the expenses of management in the Crown Lands Office, including salaries and contingencies, and these for the twenty years amount to \$1,018,348. Refunds amounting to \$364,802 must also be deducted. These represent moneys paid into the Crown Lands Department on account of sales which have not been completed. We should also deduct what we call Charges on Crown Lands, which include costs of surveys, fire-ranging, inspection, forest-ranging, collection of dues, etc., and these aggregate for the same period \$1,693,368. The net receipts then are from Crown Lands sales \$2,467,770 and from Woods and Forests \$9,739,373, or taken together the total net receipts from the Crown Lands Department from 1872 to 1891 amount to \$12,207,143.

OUR TIMBER ASSETS CONVERTED INTO OTHER ASSETS.

Let us now notice to what uses this large sum has been devoted. During the same period, that is from 1872 to 1891, we have spent on Public Buildings \$5,096,293; Railways \$5,655,478; Public Works \$2,324,811; Colonization Roads \$2,146,792; making in all \$15,223,374.

We have therefore invested during this period of twenty years in Public Buildings, Railways, Public Works and Colonization Roads \$3,016,231 more than the amount we have received from the Crown Lands Department from sales of land and timber. That Public Buildings and Railways are valuable permanent assets, greatly assisting the growth and development of the Province, no one will pretend to question. The same may be said of our Public Works and Colonization Roads. The end of the whole matter therefore is that we have substituted for a portion of the assets we have in lands and timber other assets more valuable and more productive. There has been no diminution or waste of assets; one class of assets, indispensable, and the most valuable of all conceivable assets, has been substituted for another. We have Public Buildings, Schools, Colleges and Asylums scattered all over the Province, of which any country might well be proud.

Enlightened public opinion has demanded from time to time, and will ever continue to demand, capital expenditures such as these. Better far to spend a portion of our assets in much-needed permanent public improvements than to allow them to lie dormant in forests and in mines. Who, for example, would suggest that the Province would now be better off if we had not erected expensive Agricultural College Buildings at Guelph, and Normal School Buildings at Ottawa, and if we had in their place a few more square miles of timber?

OTHER RECEIPTS.

We received from Education \$5,766 more than our estimate, the revenue under this head including the fees paid by the pupils attending the Toronto and Ottawa Model Schools, the students attending the School of Practical Science, and by the candidates attending the teachers' examinations. From Algoma taxes we have received \$156 more than our estimate, and from what is called Casual Revenue, the various items of which are named in the schedule of receipts, \$3,514 less than our estimate. The dull times, the partial collapse in real estate, materially affect the volume of transactions in the Land Titles Office in Toronto, the fees in which are paid by stamps, and this largely accounts for the falling off in the receipts from Law Stamps.

ANNUITIES.

A word of explanation may be permitted as to the item of receipts appearing under the head of "Annuities." It will be remembered that in 1884 this House passed an act authorizing the Lieutenant-Governor in Council to direct the issue of terminable annuities, the term not to exceed 40 years, the rate of interest not to exceed 5 per cent., for the purpose of retiring any out-standing railway aid certificates, or any certificates which might thereafter be issued in aid of any railway under the authority of this Legislature. The then Treasurer stated that it was not expected that we would be compelled each year to issue these annuities, and the fact is that during three recent years, viz., 1888, 1889 and 1890, we have met the maturing railway aid certificates out of the year's receipts. Last year, having several very large exceptional expenditures to provide for, in order to meet the railway certificates falling due we issued annuities to the amount of \$14,000 per annum. We advertised in the usual way for tenders for them, and we accepted the offer of the Imperial Bank of Canada, it being the most favourable and covering the whole issue. The amount realised by their sale, as appears by the schedule of receipts, was \$269,000, that is to say, we received \$1,921.43 for every \$100 of Annuity. The purchaser realises on his investment interest at the rate of a little less than $4\frac{1}{4}$ per cent. per annum. When we bear in mind that the money market in the leading commercial centres was during last year greatly disturbed, that old banking houses of highest standing and widest influence tottered to their fall, that because of this, capital was unusually timid, enterprise was checked and the difficulties surrounding the negotiation of large transactions materially increased, it will be apparent to every one that we have disposed of last year's issue of annuities on most favourable terms. In discussing the rate of interest, and in making comparisons with the rates paid by the Dominion Government, for example, on its bonds, we must not overlook the fact that, while we are at no expense whatever in the way of brokerage, stamp duties, exchange or commission, the contingent expenses under these heads attached to Dominion loans, their issues being payable in England, make up a formidable item. In one of the recent Dominion budget speeches the Finance Minister states that these contingent charges increase the rate of interest by 1-3 per cent., and Sir Leonard Tilley, in

his budget speech of 1884, in dealing with this very question uses these words:—"Taking money at par in Canada, the interest and principal paid here is as good as at two or at two and a quarter premium in England." We have had so far five sales of these Annuities. The first of these, namely, that of 1884, was effected on a basis of a little less than 4 1-2 per cent., while as to each of the others the rate is a trifle under 4 1-4 per cent. The exact figures as to each of these transactions I will place in the hands of honorable members. Had we effected a sale in England at 3. 3-4 per cent., the brokerage, exchange and other charges incident to it, together with the expense incurred in transmitting the half-yearly payments from time to time, would more than counterbalance the difference in the rate. While on this subject I must not forget to mention that the next issue of Annuities, if another issue be required, will be for a much smaller sum than each of the existing issues. If honorable gentlemen will notice the schedule of railway liabilities in their hands they will see the reason of this.

RAILWAY AID EXPENDITURE.

We have, I am delighted to say, arrived at the time when our Railway Aid Expenditures will rapidly become noticeably less. This year our payment will be \$141,218 as against the payment last year of \$252,179, or a saving of more than \$110,000 in a single year. At the end of five years the payment will be again reduced by a large amount, while for the next five years there will be annual reductions most welcome to our ratepayers. We may well congratulate ourselves on the fact that we have already successfully rolled off by far the heaviest part of this burden. Our payments for the last ten years have averaged over \$271,535 a year; during the next ten years the average payment will be less than \$107,808 a year, a difference on the right side of more than \$163,727 a year.

Mr. H. E. CLARKE--Any more grants to railways?

Hon. Mr. HARCOURT—I am dealing with facts as we have them now. The House will decide whether there will be further grants or not. I am speaking of existing facts, not of possibilities or probabilities.

All this reminds us of the early legislation of the Province, and especially of that of 1871, that being the year when the Railway Aid

Policy was inaugurated. A brief summary of it, both as to grants and results, may not be out of place.

In 1871 a fund \$1,500,000 was set apart to aid railways on certain conditions. In the same year \$400,000 was added to this fund, and a Railway Subsidy Fund created by setting apart \$100,000 a year for twenty years. These twenty years in the meantime have swiftly rolled by, and during the past year we made the very last of these payments of \$100,000 each, and therefore it is that this year's burden will be much lighter than that of previous years.

In the Session of 1874, to continue my summary, authority was taken to substitute annual payments for a period extending over twenty years in lieu of a fixed sum per mile.

Particular roads were singled out for special aid in the Sessions of 1876, 1877, 1878, 1881, 1889 and 1890. In 1879 we passed an Act authorizing the issue of Railway Scrip or Certificates for Railway Grants and in 1884 power was taken to issue the Annuities we have been speaking of for retiring Railway Scrip. In these various ways the Province has directly appropriated to and spent in assisting railway construction about \$7,000,000, besides an indirect appropriation by payments to Municipalities under the Municipal Loan Fund Settlement of \$1,336,997. This very liberal measure of aid stimulated enterprise on the part of the Municipalities, the result being Municipal subsidies amounting to about \$14,000,000. We have completed since Confederation 4,450 miles of railway. The roads now under construction and receiving aid are the Port Arthur, Duluth & Western Railway and the Parry Sound Colonization Railway. I placed in the hands of honourable members last year, as I have again done to-day, a statement showing the amounts payable annually for certificates issued by the Province in aid to railways. The statement of last year differs very widely, I am glad to say, from that now in your hands.

During 1891 we paid to six of these railways the very last instalment due them, so that all our obligations, as far as these six roads are concerned, have been paid in full. These roads are :—The Brantford, Norfolk & Port Burwell Railway ; the Canada Southern Railway ; the London, Huron & Bruce Railway ; the Midland Railway ; the Prince Edward County Railway, and the Toronto, Grey & Bruce Railway.

We have paid to these six roads, taken together, the large sum of \$1,475,146, made up as follows :—

B. N. & P. B. Railway	\$129,353
Canada Southern Railway	244,559
London, H. & B. Railway	268,839
Midland Railway	215,511
P. E. County Railway	155,520
Toronto, G. & B. Railway	461,364

Last year we made payments in aid to twenty railways :—this year the list is reduced to fourteen. In 1898 there will be only eight, while in 1904, only twelve years from now, the solitary survivors of this long and honored list of Provincial pensioners will be the Port Arthur, Duluth & Western Railway and the Parry Sound Colonization Railway.

Remembering the enormous load of obligations already discharged, this glance into the future, with its rapidly-diminishing burden, is certainly reassuring. In a word, we have these two pleasing facts to place side by side : first, that the Province started out over twenty years ago with a vigorous, liberal and successful policy in the direction of aiding railways, the municipalities, too generously it may be in some cases, rendering prompt assistance ; that our facilities in the matter of railway travel are, all things considered, extremely creditable to us ; and, in the second place, that we have without difficulty or embarrassment met these large railway obligations, that they are rapidly decreasing in amount, and that those yet to mature are very small as compared with those which we have already paid.

Further, these early railway obligations are, be it remembered, as far as we are concerned, the post obits of the first Parliament of Ontario, handed down by it for its successors to discharge.

RAILWAY OBLIGATIONS.

One more remark and I will conclude what I intended saying upon this branch of my subject. From time to time it has been contended by honorable members of the Opposition that in order to ascertain what our surplus is we should first capitalize our maturing railway obligations and treat the capitalized sum as a present liability. We have refused to do this, contending that we could as reasonably capitalize our dif-

ferent yearly receipts and class the capitalized sum as a present asset. We have further pointed out that the Dominion Government has aided railways in the same way, and that maturing railway obligations of this kind are not treated by the Dominion Finance Minister as a part of the existing debt of the Dominion. What I wish, however, now to point out is this: that our opponents in adhering to this argument are, it would seem, deliberately keeping out of sight the history of the legislation relating to railway aid; that they will learn, if they peruse the debates of twenty years ago, that the yearly payments to be made in aid of railways were never intended to be taken out of present balances of assets, but that they were to be deducted as they became due from the receipts of future years. And this is exactly what has been done, keeping in mind what I have said as to our issue of annuities. I can best support my position by quoting from a speech delivered by the Hon. Edward Blake when the House was in committee on the Railway Resolutions, and reported in the *Globe* of February 23rd, 1872. Mr. Blake said:—

All that was wanted was to create the fund. Not a shilling of it could be spent without the sanction of the House. The Government did not consider the addition of \$400,000 sufficient, and therefore the question they had to consider was the best way most consistent with the preservation of the surplus to provide a sum sufficiently large to enable the Government to carry out the spirit of the Railway Act. They considered that the plan of granting an annuity of \$100,000 a year for twenty years was the most economical and satisfactory plan that could be devised. The special funds of the Province alone would more than pay the \$100,000 a year without touching the surplus.

This one extract of itself, taken from such high authority, it seems to me, proves conclusively the truth of our contention.

THE \$500,000 DOMINION BONDS.

The last item of our receipts to which I will refer, namely, \$500,000 received from the Dominion Government, calls for some special remark. Our expenditure for the year included, as I have said, some very large items, special and exceptional in their character. We paid, for example, \$100,000 to Toronto University, being part of the \$160,000 unanimously voted to it by the House to assist in restoring the building, which was partially destroyed by fire. We also paid \$47,115 to the municipalities on account of the Land Improvement Fund, and \$32,750

to County Houses of Refuge. We loaned \$63,000 to different municipalities on drainage debentures. The sum given to the University I might call an emergency expenditure,—the first, and we sincerely hope the last, of the kind ever to be made by the Province. The payment to the municipalities on account of the Land Improvement Fund is an advance made for their benefit and relief, for which the Province will be recouped when the open accounts between the Dominion and the Provinces are adjusted. The payment to the County Houses of Refuge is also new and exceptional. Our expenditure on capital account on the new asylums at Orillia and Mimico and on the new Parliament Buildings was also exceptionally large, reaching in all \$368,937. Because of all this extraordinary outlay we asked the Dominion Government to make to the Province a payment on account of the debt due us. The matters in dispute between the Province and the Dominion have been narrowed from time to time, and there is admittedly a large sum due us. Our request was met in a friendly, business-like way, and we promptly received from the Dominion \$500,000 in 4 per cent. bonds, which we disposed of at par. We disposed of them at par without paying a single dollar by way of brokerage or commission.

While on this subject, I may say that for obvious reasons we have made but little further progress in the settlement of our accounts with the Dominion. I am glad to say, however, as I said last year, that there is no attempt in any quarter to defeat or postpone a settlement. When the present disturbed condition of affairs at Ottawa and Quebec comes to an end, real and, I have no doubt, satisfactory and rapid progress in the direction of a full settlement will be made.

THE LIQUOR LICENSE FUND.

Our receipts for the year from liquor license fees amounted to \$298,184. Our estimate was \$300,000, and not \$310,000 as it was printed owing to a clerical error. The number of licenses issued during the last license year was twenty-two less than that issued during the previous year, and in all probability there will be somewhat greater reduction during the current year. The Province took to itself control of liquor licenses in 1876. Since that date it has received as net revenue from licenses \$2,630,515, or \$164,407 per year. It has paid to the municipalities during the same period \$3,885,922, or \$242,870 per year. The

municipalities have therefore during the last sixteen years received on an average \$78,463 more per year than the Province from this source.

Mr. CLANCY.—But you took more from the municipalities.

Hon. Mr. HARCOURT.—I am speaking of the fact as it is found—of the record as I find it. The temperance people, I would say to my friend, have time and again expressed their belief that it would be better for all concerned if the municipalities got nothing from licenses. (Applause.)

In answer to some press criticisms arising out of complaints made by a few municipalities as to their share of the license fees, I last year pointed out that the municipal revenue from licenses had during recent years been steadily increasing ; also that their percentage of increase had been more than double that of the Province. Without question in our larger cities licenses have become much more valuable to the holders year by year, and it may be that the time has now come when we should consider the propriety of raising the fee and thereby increasing our revenue. The fees paid in some of the American cities are considerably larger than those we exact. It has never been considered inappropriate that the State should ask the dealers in liquors as well as the consumers to contribute to the cost of government. If the liquor traffic is only one-half as responsible for the serious cost incident to the Administration of Justice, as some allege it to be, then these license duties which we are discussing might be measurably increased.

LOCAL OPTION.

It will be remembered that nineteen municipalities, availing themselves of our license legislation of 1890, passed local option by-laws for prohibiting the sale of liquors by retail.

Our Act of 1890 (53 Vic., chap. 66,) simply restored to the municipalities the powers they formerly possessed, re-enacting as it did provisions which were in force at the time of Confederation as a part of the Consolidated Municipal Act, and which were also contained in the Tavern and Shop License Act of 1868, but which were afterwards omitted in subsequent consolidations of the Municipal and Liquor License Acts, similar provisions as to local prohibition being contained

in the Temperance Act of 1864 (Dunkin Act), which act had been repealed, where not in force, by the Canada Temperance Act.

The validity of the clauses of our statute on which the local option by-laws were based being questioned in the Courts, Chief Justice Galt quashed some of these by-laws, and held that the Legislature had no authority to empower the municipalities to pass them.

Our Act of last session respecting local option (54 Vic., chap. 46) explained the Act of the preceding session and provided for a reference of the question of its validity, construction and effect to the Court of Appeal for Ontario, under the authority of the Act for expediting the decision of constitutional questions. The opinion of the Court of Appeal was given in September last. Chief Justice Hagarty, after reciting that the municipalities had from an early date, at least as far back as 1849, the power to regulate tavern licenses and to limit their number ; that section 249 of the Act of 1866 contained a clause identical with the prohibitory clause (clause 18) of our Act of 1890 ; that a similar clause in like terms is found in the Tavern and Shop License Act of 1869 ; that it was omitted in the Act of 1874 ; that municipal institutions are in the class of subjects within exclusive Provincial regulation ; that in our Act we expressly disclaimed any exercise of jurisdiction beyond the revival of provisions in force at date of Confederation ; that clause 18 of the Act of 1890 (the clause in question) applies only to places where neither the Dunkin Act nor the Canada Temperance Act are in force, concludes that the Legislature had jurisdiction to pass it.

And thus another disputed point of jurisdiction as to powers of legislation in the matter of liquor licenses is happily set at rest.

While this local option movement has as yet had no effect upon our license revenues, we need not be greatly surprised if in the near future it will cause a considerable shrinkage.

Although the question may be considered from two widely different points of view, namely, that of the financier and that of the moralist, still I think I fairly represent the views of the whole House when I say that if local option will secure a substantial, abiding progress in the cause of temperance and morality, then we will all rejoice in spite of the temporary loss of revenue which it would entail.

A sign of the times is discernible in the fact that very marked attention is being given to this subject in the North-West Territories

and that a license law very like our own, if not a transcript of it, has been enacted there this very year.

The ratepayers came to the conclusion that under the old state of things the law was not only not observed, but held in contempt, and smuggling encouraged as well ; that their experience of prohibition had resulted in dismal failure, and that the only remedy was a system of well-regulated license.

INTEREST RECEIPTS.

The total of our receipts of interest is less than we estimated. We received all that we estimated as interest on "capital held and on debts due by the Dominion to Ontario." The falling off is in the item of interest on investments, and is partly explained as follows :—we usually receive our payments of interest from Ottawa about the 1st of January and the 1st of July each year. In 1891 it was not received until March 21 and August 31 respectively, and this represents a loss of interest to the amount of \$2,400.

We have loaned to the municipalities the large sum of \$524,155 to assist in drainage, and the interest we received last year on this large investment was much less than we expected, We could have increased this last receipt by pressing the municipalities, and during this year I intend to collect the arrears as closely as possible.

STATEMENT OF EXPENDITURES, 1891.

Civil Government	\$221,126 28.
Legislation.....	123,601 03
Administration of Justice	398,968 79.
Education.....	645,115 23.
Public Institutions Maintenance.....	820,516 68
Immigration	6,628 94
Agriculture	149,535 42.
Hospitals and Charities, including County Houses of Refuge	167,742 89
Repairs and Maintenance.....	59,667 39.
Public Buildings.	412,243 77.
Public Works.....	35,126 67
Colonization Roads.....	98,312 31
Charges Crown Lands	171,666 47
Refunds.....	30,563 74
Miscellaneous	87,916 07.
	<hr/>
	3,428,731 68.

Drainage Debentures	50,887 83
“ “ (Tile).....	12,000 00
Railway Aid Certificates.....	252,179 74
Annuity “	59,200 00
New Parliament Buildings.....	208,348 43
Land Improvement Fund (Special).....	47,111 87
University of Toronto.....	100,000 00
Stationery purchased.....	\$17,179 80
“ distributed	12,076 28
	<hr/>
	5,103 52
	<hr/>
	\$4,163,563 07
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I will now, Sir, briefly comment on the expenditures of 1891. The Legislature voted for the year's supply \$3,622,427. Our ordinary expenditure under the Supply Bill was \$3,428,731, so that of the money voted to us for the year there remains unexpended \$193,695.

We have therefore kept within the grants wherever possible, and have in no instance abused the liberality of the Legislature.

As will be noticed, our ordinary expenditure includes eleven leading services, viz :—

Civil Government.

Legislation.

Administration of Justice.

Education.

Public Institutions Maintenance.

Hospitals and Charities.

Agriculture.

Repairs and Maintenance.

Public buildings.

Public works.

Miscellaneous.

And in nine out of these we have spent less than we were entitled to spend. In only two of them have we over-expended, viz., Legislation and Agriculture. The over-expenditure on Legislation being only \$886, I may say that the only Department in connection with which there has been any appreciable over-expenditure is that of Agriculture.

We paid for the administration of criminal justice \$176,293, a sum largely in excess of our estimate. I may state here incidentally that the Province pays more for this service than the counties. For example, while the counties paid during 1890 for criminal justice, gaol

salaries and maintenance of prisoners \$105,526, the Province contributed \$142,091.

LEGISLATION CONCERNING NEW PARLIAMENT BUILDINGS.

We spent last year on the construction of new Parliament Buildings \$208,348, the largest sum spent any single year for that service. Thus far we have spent on these buildings \$802,297.

Eleven years have passed by since this House committed itself to the work, and although each year thereafter a small expenditure was incurred in connection with it, the first large expenditure was not made until 1887.

In that year we spent.....	\$164,678
In 1888 “	159,203
In 1889 “	143,167
In 1890 “	142,102
In 1891 “	208,347

I urge honorable members not to lose sight of the very important fact that during each of the last five years we have spent these large sums for this service, that it is in every sense an exceptional outlay, and that not a dollar of it is fairly chargeable against our ordinary yearly receipts.

I must remind the House that in the Act which provided for the erection of new buildings, passed in 1880, it was recited that these buildings we now occupy were not adapted to our needs, and that our occupation of this very valuable and, for our purposes, undesirable site, blocked important commercial city improvements urgently demanded. The Act in question set apart certain lands which were to be sold or leased, the proceeds thereof to form the “Parliament Buildings Construction Fund.” The lands so set apart were, (1) the site we now occupy, containing more than $9\frac{1}{3}$ acres, having a frontage of 954 feet on Front street and a like frontage on Wellington street; and (2) a block of 80 acres, extending to the westerly limits of the city and lying north of the Grand Trunk Railway, reserving, however, the six acres used by the Mercer Reformatory. Now, what have we sold? In 1886 and 1887 we placed upon the market, selling it by tender after careful advertisement, parts of this block of 80 acres. We sold 52 acres of it at prices then considered very satisfactory, realizing therefrom \$167,105.

And this is all that we have sold. There remain still unsold $21\frac{1}{2}$ acres, as well as this valuable block we are now occupying, which we have not as yet offered for sale. While, therefore, we have spent up to the close of last year on new Parliament Buildings construction the large sum of \$802,297, we have received only \$167,105 from the fund which was specially and by Act of Parliament set apart for their erection. We have spent \$635,192 more than we have received. The large sum of \$635,192 has been taken from our ordinary receipts of the last five years and spent in the erection of new buildings in the park. I know, Sir, that our opponents in this House will feel bound to remember these facts when they come to deal with our financial operations of the last five years. We have the fullest right to claim, and we do claim, that the Treasury this hour is entitled to a credit sum amounting to the value of the site we now occupy, in addition to the value of the $21\frac{1}{2}$ acres referred to and yet unsold.

I can only give an approximate estimate of what this item of credit should be.

The Commissioner of Public Works as long ago as 1880 stated in this Chamber that experts valued the site of these old buildings at sums ranging from \$240,000 to \$500,000, and although real estate is now, the whole Province over dull, inactive and almost unsaleable, every one will admit, considering the bright prospects of this promising city and the central location of the property, that it is worth at least \$450,000.

Last year the Board of Trustees of the University invited offers for the purchase of the old Upper Canada College block on King Street, which contains nearly nine acres. Among the offers was one for \$390,000 and another for \$400,000. The Board declined all the offers. From this we may safely infer that they can reasonably expect, if they decide to sell, to get for it at no distant day at least \$500,000.

The difference in value between the two blocks, this having the greater acreage, cannot be very large.

The twenty-one and a half acres in the western part of the city will in all probability soon be readily saleable, and should bring at least \$75,000. These two amounts then, namely, \$450,000 and \$75,000, must be placed to our credit by anyone who would fairly pronounce upon our financial operations of the last five years.

As I have previously said, we received during the year from the Dominion on account of the debt due us, \$500,000, a sum representing

very closely the value of the two properties we still own and which were by statute set apart to be sold and form part of the Parliament Buildings construction fund.

If, then, we have diminished our cash surplus to the extent of \$500,000, we have in its place unquestionably a full equivalent in these two properties.

THE NEW BUILDINGS.

Before I leave this question I may fittingly make some general observations as to the new buildings themselves, which are now nearing completion, especially since this is the last session to be held in these old buildings, the history of which is almost coeval with the history of the Province and around which cluster so many "fading legends of the past."

While we will gladly take leave of these old and dingy rooms and eagerly welcome the day when we will be summoned to the spacious and elegant building in the Park, I can well understand that those like yourself, Sir, who have served the Province for several Parliaments, will ever and anon find themselves brought back in thought to this old Chamber by a thousand pleasant memories, recalling this or that exciting division or warm debate. There is now universal agreement the whole Province over as to the necessity for new buildings, and it is a matter of general wonder, the sound condition of the finances of the Province being remembered, that their erection was so long delayed. For many years we have been incurring serious risk in the matter of the preservation of public documents of untold value, while from a sanitary point of view these old buildings were long since condemned. In point of economy as well the change was desirable, since year by year we have been compelled to spend very considerable sums in repairs of the old buildings, as well as for rent paid for additional departmental offices. During the last ten years, for example, we have paid for repairs \$73,112, and for rent \$14,400.

I confidently predict that when we meet in the new buildings a year hence we will all be greatly pleased with their adaptability in all regards to our varied needs ; that we will find that in the all-important matters of light, heating and ventilation the very best results have been attained, and that as to materials, finish and workmanship generally, we can without fear invite closest inspection. Their architectural beauty even now, in the absence of the porches which will ornament

the three main entrances (and these will lend to them additional finish and symmetry) is a matter of general remark. All this can be said of but very few similar buildings. Indeed it is but seldom that we find a large public building which is not marred in some way by serious blemish or defect.

We have spent, as I have already said,

On the new Parliament buildings	\$802,297
On the eight new Asylum Cottages at Mimico	444,212
And on the new Asylum at Orillia	386,550

or taken altogether, the large sum of.....\$1,633,059.

I take this, the earliest opportunity afforded to me during the session, to invite the Public Accounts Committee to scrutinize every dollar of this large expenditure as closely as the most rigid financial purist could desire.

I promise beforehand that it will be found that there has been no unfair enrichment of contractors, no scamped work, no manipulation of tenders, no favouritism, no extras, no questionable dealing of any kind, but, on the other hand, that there has been an attempt, earnest, conscientious, successful, to secure the best of work at the lowest possible cost to the Province.

I repeat that it is but seldom that all this can be said in the case of large public works. I am confident also that when the last day's work is done on the new buildings and the last pay-sheet certified, that there will be a general feeling in the Province of satisfaction and surprise as well that they have been finished at so small a cost. I know that honorable members opposite, who recently expressed the fear that their cost would greatly exceed the appropriation, will join in the general rejoicing, and that they will give full credit to the architect, who has superintended the work of construction at every point, as well as to the Commissioner, who has devoted himself with his usual zeal, energy and success to this great work. We have voted for the construction of the new buildings \$1,250,000. Every part of the work is now under contract. The heaviest contract of all, namely, that for the masonry and brickwork, is completed, save as to the porches over the entrances. The slate roofing is nearly finished, and satisfactory progress is being made with the plastering, plumbing and interior wood-work. I am, therefore, in a position to be able confidently to say, and

I speak now as the acting Commisisoner of Public Works, that the total cost of the building will be less than the amount we have voted.

NO EXTRAS.

I have stated that there would be no extras. This of itself entitles the Commissioner, the architect, the contractors and all concerned to the highest possible praise. As to this, I will read a letter from Carrol and Vick, who took over the contract for masonry and brickwork, originally let to the late Lionel Yorke, the amount of this contract being \$671,250 :

[Copy.]

QUEEN'S PARK, Toronto, Sep. 15, 1891.

To the Hon. the Commissioner of Public Works :

SIR. We have received yours of the 10th inst., re clause in contract relating to extras, and in reply would say that the plans are so clear that there is no room for extras, and we ever keep in mind that in case we should ever think we were entitled to such in adjusting points, we would at once apply to the Commissioner of Public Works for an order before proceeding ; and further state that we do not expect any sum more than the amount agreed upon.

We are, sir,

Yours obediently,

Signed R. CARROLL & VICK,

We will have buildings worthy of the Province, excellent in design, exactly suited to our needs, and, as compared with other similar buildings, erected at a very moderate cost.

I have at hand a list of several large Public Buildings, some of them erected by the Dominion Government, others situate in different cities in the United States, and the result of a comparison as to cost is highly flattering to our own Commissioner of Public Works. By his zealous and faithful discharge of his important duties he has won the warmest admiration of all who know him. In these days of unusual political turmoil, when the public mind is as it never was before filled with disquiet and unrest, whan the old-fashioned notions of truth and right and honor do not always prevail even in high places, it is a great thing to be able to say of a Commissioner of Public Works, as I do now, after his eighteen long years of active continuous service, of one who has controlled the expenditure of several millions of public money, that there is "no stain on his fair escutcheon, no stigma on his honoured name." I know, Sir, that we all hope that for many years yet to come he may with renewed health in the new buildings continue to fill his accustomed place, a "potent voice in Parliament, a pillar in the storm."

EDUCATIONAL POLICY.

Honorable members comparing our expenditures from year to year will notice that the increases in some of them, those for Education and Hospitals and Charities for example, are automatic and in a sense beyond the control of the Legislature. The growing nature of these expenditures is known to all, and no one proposes to reduce them. On the contrary, the House is more apt to welcome increases such as those I have named than to criticise them. Of course it is expected that closest attention will be paid to them in order that the best possible results may be attained. Let me illustrate by a reference to our grants to education :—

In 1881 we voted for public schools.....	\$258,297
In 1890 we voted for public schools.....	284,327
In 1881 we voted for high schools.....	83,288
In 1890 we voted for high schools.....	101,884
In 1881 we voted for mechanics' institutes and free libraries..	22,850
In 1891 we voted for mechanics' institutes and free libraries..	39,000

We spent for these purposes in 1891 \$60,776 more than we did in 1881. The necessity for this increased expenditure is apparent when we compare the work done in 1881 with that done in 1890 :—

In 1881 we had enrolled 476,268 public school scholars.

In 1890 we had enrolled 496,565 public school scholars.

In 1881 we had enrolled 13,136 high school scholars.

In 1890 we had enrolled 19,395 high school scholars.

In 1881 we had 5,238 public schools.

In 1890 we had 5,718 public schools.

In 1881 we had 105 high schools.

In 1890 we had 122 high schools.

In 1881 we had 76 Mechanics' Institutes, and in 1891, 230. We taught 20,300 more Public School scholars and 6,200 more High School scholars in the latter than in the former year. We cannot afford to stand still in educational matters. We must from time to time take higher ground. The wants of to-day are much wider than those of ten years ago. Within the period named there has been great educational growth in all directions. The number of students attending the Provincial University in 1881 was 320, and in 1891, 504.

In the course of half an hour's drive in the neighborhood of Queen's

Park in this city, you will notice in close proximity a series of imposing buildings, all devoted to educational purposes, of which any city or Province might well be proud. Prominent amongst these is the Provincial University, in the vigorous growth of which we all rejoice, which stands as a magnificent centrepiece, unsurpassed for its architectural beauty and symmetry, while clustered around it and co-operating with it you will see half a dozen colleges, well equipped, with an over-increasing roll of students, exerting widest influence over the thousands who leave their halls to take high part, let us hope, in the victories of peace.

You will at once say, what magnificent opportunities are here afforded for higher learning! Surely this Province is singularly rich in its educational equipment. And yet this is by no means the limit of our educational wealth, since in other parts of the Province there are similar institutions doing similar work. Our general educational policy has contributed in a marked degree to this bright result. Our grants, increasing year by year, to Public Schools and High Schools, Normal Schools and Training Colleges have materially aided in building up our Universities. To such an extent are their interests and fortunes interlaced and bound up together that injury to the Public School means harm to the University, while an impetus given to Public School work means a corresponding advantage to the University. As the Public School doors close on their graduates, the doors of the High Schools swing open to welcome them; the graduate of the High School is the matriculant of the University.

The University graduate proceeds to the Training College and thence to the Principal's chair in the High School, while the High School graduate takes a course at the Model or the Normal School, and, leaving them, takes charge of a Public School.

And thus, as far as this Province is concerned, because of their interdependence and the symmetry of our system, the cause of the Public School and of the High School is one, and our grants to the cause of higher education promote the efficiency of our Public Schools.

While, of course, our duty as representatives of the people chiefly concerns primary education, (the obligation of the State to the child—I speak in a general sense—ending with primary education), yet, fortunately for us, we need not be too anxious in the nice balancing of grants as between primary and secondary education, since, as I have attempted to show, a grant to either stimulates the whole system. It

is to be hoped that our task in the matter of higher education will be lightened, as has happened elsewhere, by the generosity of private citizens. Our University is even now much indebted to a few large-hearted, thoughtful men, whose handsome donations to its coffers have helped on its widening work.

In this regard McGill College, Montreal, has been exceptionally fortunate. During the last five years, for example, and her good fortune dates from a quite earlier period, she has received through private benefactions the large sum of \$1,002,547. I have at hand a statement in detail of the several donations.

While McGill College has received from private benefactions over \$1,000,000 during the last five years, our Provincial University has received, I regret to say, less than \$150,000 in ten years.

HOSPITALS AND CHARITIES.

I have referred to the expenditure on education as a growing expenditure, and to the increase in connection with it as an automatic increase. The same remark applies to other expenditures. Take, for example, that on Hospitals and Charities, and once more I will refer, for purposes of comparison, to the last decade.

In 1882 we spent on Hospitals and Charities \$78,095, and in 1891, \$167,742. We have more than doubled the expenditure in a single decade. No one proposes to reduce the grants.

ASYLUMS.

Another growing expenditure is that in connection with our asylums. We have good reason to be proud of our care of the insane. We have spent, and are now spending, large sums in the erection of cottages specially designed and in every way suitable for asylum needs.

The increasing number of the insane compels us to make immediate provision for still further accommodation. During the year ending September 30th, 1891, there were 262 more patients admitted than during the previous year. The average daily number of patients in residence last year was 3,506, while for the previous year it was 3,266, an increase of 240.

We have provided in the new cottages at Orillia and Mimico beds for 950 patients.

The cost of maintenance of our Public Institutions is very large, and is increasing year by year. No other Province assumes this burden to anything approaching the same extent.

In the great majority of the States to the south of us a large part of the burden is shifted to the municipalities to which the patients belong.

We paid for maintenance of Public Institutions in

1887	\$650,744
1888	721,602
1889	728,909
1890	769,905
1891	820,516

being an increase of \$169,772 in five short years.

The yearly reports clearly show that the per capita cost of maintenance is noticeably less than that in similar institutions in the United States.

NEW SERVICES AND THEREFORE INCREASED EXPENDITURE.

To speak in general terms of increased expenditures without any reference to their nature or necessity is misleading and unfair.

From time to time new services have been demanded of the Province, and it has assumed new functions.

The Legislature, urged on by public opinion, has imposed new and heavy obligations on the Province, and thus we have been compelled to bear burdens which hitherto had fallen on the municipalities or private individuals. We all know that each session new grants are persistently and earnestly asked for, and that it is at times difficult to resist pressure in this direction.

Considerations such as these explain increased expenditures and compel every candid man not only to justify them but also to frankly admit that the business affairs of the Province have always been conducted in a most economical manner.

In leaving this branch of my subject I will remind the House that these increased grants to Education, Hospitals and Asylums, Public Institutions and Agriculture are substantially grants to the municipalities in relief of their local taxation. The widely beneficial results of this very liberal measure of Provincial aid are manifest. It has been a powerful factor in building up our school system, in originating and promoting better methods of agriculture, and in providing humane and intelligent treatment for the sick, the blind and the insane.

SUMMARY OF THE YEAR'S TRANSACTIONS.

At the commencement of the year we had at our credit in the banks \$44,792. We received from all sources during the year \$4,138,589. Our total expenditure was \$4,163,563, and at the end of the year we had on hand in the banks \$19,818.

Mr. CLANCY. Hear, hear.

Hon. Mr. HARCOURT. My honorable friend I am sure is echoing the opinion of all of us, when by his expression of "hear, hear" he congratulates the House upon the fact that there is one Province at least that is economically governed—a Province which has for twenty long years uninterruptedly enjoyed Liberal rule. (Applause).

When it is remembered that we expended \$620,591 in Public Buildings alone, thus adding that large sum to our permanent capital investments, that we gave \$100,000 to the University, that we spent \$98,312 on Colonization Roads, that we loaned \$62,887 to some municipalities for purposes of drainage, and advanced \$47,111 to other municipalities on account of Land Improvement Fund, that \$311,000 went for railway aid, that our receipts exceeded our estimate, and that we expended less than the House authorized us to expend, it will be admitted that the general result is exceedingly satisfactory.

A YEAR'S TRANSACTIONS.

A fair summary of the year's transactions may be given in a few words. Our ordinary receipts were \$3,327,070. Add to this cash on hand at the beginning of the year, viz., \$44,792, and we have \$3,371,862. Our ordinary expenditure, in which I do not include the \$37,500 given to County Houses of Refuge, was \$3,391,231. Therefore our ordinary expenditure exceeded our ordinary receipts by the very small sum of \$19,369. But we must remember that of this so-called ordinary expenditure a sum not less than \$412,243 was spent on Public Buildings, and that no less than \$160,586 was spent during the year on new buildings at Mimico and Orillia. Treating this Mimico and Orillia expenditure as capital and not as ordinary expenditure—and this is what is done by other Governments—we had a surplus on the year's transactions of \$141,217. Our railway expenditure is rapidly decreasing; our expenditure on Public Buildings will be much less in the futur-

than it has been in the past ; we have almost completed our new Parliament Buildings ; our controllable expenditures are kept down to the lowest possible figure ; and therefore I say that we can all take a very cheerful view of our financial outlook. No British colony, no other Province, can present a balance sheet one-half as favourable.

OUR ASSETS AND OUR SURPLUS.

ASSETS.

1. DIRECT INVESTMENTS :—

Dominion 6 per cent. bonds....	\$200,000 00	
Market value over par value.....	5,000 00	
	<hr/>	\$205,000 00
Drainage, 5 per cent. debentures invested 31st December, 1891.....	237,243 60	
Tile Drainage, 5 per cent. debentures invested 31st December, 1891.....	93,553 96	
Drainage works—Municipal amounts...	193,357 21	
	<hr/>	524,154 77
		<hr/>
		\$729,154 77

2. CAPITAL HELD AND DEBTS DUE BY THE DOMINION TO ONTARIO, BEARING INTEREST:

U. C. Grammar School Fund (2 Vict., Cap. 10).....	312,769 04	
U. C. Building Fund (18 Sect., Act 1854)	1,472,391 41	
Land Improvement Fund (see Award)..	124,685 18	
Ontario share of Library do ..	105,541 00	
Balance of unpaid Subsidy & other credits	1,590,519 37	
	<hr/>	3,605,906 00

Common School Fund :—

Collections by Dominion.....	1,520,950 24	
Collections by Ontario, after deducting Land Improvement Fund, and 6 per cent. for collections to 31st Dec., 1889.	936,729 10	
	<hr/>	2,457,679 34
Ontario's share according to population, 1891.....	1,441,882 90	
	<hr/>	5,047,788 90
Less Dominion bonds issued in 1891 in part payment of above.....	500,000 00	
	<hr/>	4,547,788 90
3. MORTGAGE <i>re</i> TORONTO ASYLUM LANDS SOLD.....		6,315 00
4. BANK BALANCES—CURRENT ACCOUNTS...		19,818 00
Total		<hr/>
		<hr/>
		\$5,303,076 67

LIABILITIES OF THE PROVINCE AT PRESENT PAYABLE.

1. BALANCE DUE TO MUNICIPALITIES <i>re</i> SURPLUS DISTRIBUTION.....			\$1,291 30
2. LAND IMPROVEMENT FUND :—			
Balance due to Municipalities under 45 Vict. Cap. 3 and 49 Vict. Cap. 6...	\$3,256 57		
Balance due to Municipalities under 54 Vict., Cap. 9.....	6,593 05		
			9,849 62
3. QUEBEC'S SHARE OF COLLECTIONS BY ONTARIO, ON ACCOUNT OF COMMON SCHOOL LANDS IN 1890-91 :—			
Collections on lands sold between 11th June, 1853, and 6th March, 1861.....	\$15,373 40		
Less 6 per cent. cost of management....	922 40		
		14,451 00	
Less one quarter for Land Improvement Fund.....		3,612 75	
		10,838 25	
Collections on lands sold since 6th March, 1861.....	4,994 15		
Less 6 per cent. cost of management....	299 65		
		4,694 50	
		15,532 75	
Quebec's proportion according to population, 1891			6,419 92
Total.....			17,560 84
Surplus of Assets after deducting Liabilities presently payable.....			\$5,285,515 83

A word as to the assets of the Province. These are so well known and have been the subject of such frequent debate that they require but little explanation. We still have the Dominion 6 per cent. bonds to the amount of \$200,000. These mature in March, 1893. We have added during the year nearly \$7,000 to our drainage investments, which now aggregate \$524,155. The trust funds, the nature and origin of which have been so often explained, remain unchanged in amount, and the Common School fund, the particulars of which we are all familiar with, is slightly increased, because of the fact that it is this year divided on the basis of the recent census. The amount of the balance of unpaid subsidy and other credits, as appears in the schedule in our hands, viz., \$1,590,519, remains as it was last year. All told, these assets amount to \$5,303,077. From this sum we deduct certain small balances due to the municipalities on account of the Land Improvement Fund, as also Quebec's share of our collections on account of the Common School lands for two years past, in all \$17,560. We had in hand bank bal-

ances to the amount of \$19,818, so that our surplus at the end of the year, after deducting all liabilities now payable, amounted to \$5,285,515. The reality of this surplus can be no longer seriously questioned. It was at one time contended that, while we could expect to receive interest from these trust funds, we could never get possession of them or control them. They have always yielded a rich return by way of interest, and there was no good reason why we should ask to have them handed over to us. And yet the suggestion came from the Finance Minister at Ottawa two years ago that the requisite legislation should be had in order that the Dominion might hand them or an important part of them over to us, so that this contention can no longer be maintained.

On one occasion when this question was under discussion in this House, when we were claiming that these assets were real and tangible, my honourable friend who leads the Opposition said, "Why don't you get a check for this?" A few weeks ago, acting for once, at least, on his suggestion, we asked for and promptly received a check for \$500,000 of it. It should be, and doubtless is, a source of great satisfaction to all of us, regardless of mere party considerations, to know that the Province has this large surplus upon which we can readily and at any time draw in cases of emergency.

THE QUESTION OF ASSETS.

Were I to follow, in presenting a statement of the assets of the Province, the practice of large financial corporations such as banks and insurance companies, a practice to which no business man ever takes exception, then our assets would be more than double the sum I have named. Our large financial corporations include in their assets not only the buildings they own, but even their office furniture. Our Schools, Colleges, Asylums and other Public Buildings are indispensable and as necessary to the Province as are the offices they occupy to commercial corporations. In connection with our public buildings we have more than 2,000 acres of land, some of it, especially that which is situate in this city, very valuable. A careful valuation of this land alone, recently made at my request, shows it to be worth more than a million and a quarter of dollars. Our Public Buildings have cost more than six and a half millions of dollars. The unpaid balances due to the Province on sales of Crown lands amount, as I stated last year, to upwards of four

and a quarter millions of dollars. If we were then to present a strictly commercial statement we could reasonably claim that we have assets, and they are as good as those of any commercial corporation on the continent, to the amount of at least ten millions of dollars, and that our surplus is twice as large as we have ever claimed it to be.

THE FINANCIAL POSITION OF THE OTHER PROVINCES.

If we look about us, a glance at the finances of the sister Provinces will give us additional cause for thankfulness that we have persistently adhered to a policy of rigid economy. The Treasurer of more than one of these Provinces each year laments his inability to see a way of escape from the "gloomy groove of annual deficits." The large and constantly increasing debt of Quebec is from an Ontario point of view alarming, and all parties there seem to take it for granted that sooner or later the Federal Government must come to the rescue. Prince Edward Island has drawn upon capital account and is still behind. Nova Scotia and New Brunswick have incurred large debts, and they are once more agitating for better terms. Nova Scotia urgently asks the Dominion to relieve her of liabilities to the amount of a million and a half of dollars. New Brunswick, with a population of only 321,294, had at the close of last year a bonded debt of \$2,342,000. And where, Sir, we may well ask, is this to end? I do not forget that these three smaller Provinces with an aggregate population of only 880,905, or two-fifths that of Ontario alone, maintain separate Legislatures, each of them having a second Chamber, and that because of this the administrative work is trebled, and the expenditures on Education, Administration of Justice and Public Works are very much larger than would otherwise be necessary. At the same time we may well, nay, we must insist, that any settlement of these difficulties as concerns the future—I do not speak of existing obligations, whether by means of increased annual grants to each of the Provinces, having strict regard to population, or otherwise—should be a comprehensive settlement, arrived at after a careful study of the whole situation, altered as it is in so many regards since Confederation; that it should be an absolutely final settlement, made so by Imperial enactment; that not another dollar of the Federal treasury should thereafter be spent in "special grants" or "better terms," and that it should be in

all regards fair (we ask no more) to our own Province. In this way, and in this way only, will the Provinces become self-reliant, make the most of their own resources, and avoid extravagant expenditures. I do not lose sight of the fact that a general increase of Provincial subsidies means an increase of the Federal debt, as well as an increase of the already serious burden of interest to be borne by the Federal taxpayer, and that of these increases Ontario must bear by far the greater half of the burden. If we cannot get an exact measure of justice, we must accept that settlement which will most nearly approach to it. The giving of special grants—in reality, as has been said, increased subsidies in disguise—to this and to that Province, has stifled self-reliance, encouraged needless expenditures and fostered discontent.

PROVINCIAL SUBSIDIES.

Every Province save our own has profited by this departure from safe and sound principles, and each occasion of profit to them means corresponding loss to us.

What is wanted now is to get back to first principles and firmly to take the position to which, when Confederation was brought about, all parties were pledged. Those who guided public opinion at that time, and whose impassioned logic contributed so much to the accomplishment of Confederation, as they “dipped into the future” and discussed the many possible difficulties which it was feared might arise, stated confidently that in their scheme they had provided the necessary safeguards. Has time fulfilled their promises? The difficulties then predicted, as well as others unforeseen, have confronted us, and the promised safeguards have proved shadowy and unreal. With the permission of the House I will briefly quote from two of the Fathers of Confederation, whose opinions then, as always, commanded universal attention. The Hon. Mr. Brown, on the 8th day of February, 1865, when the Confederation scheme was under discussion in Parliament, in dealing with the financial aspect of the question, said :—

“Let this, too, ever be kept in mind that the \$2,630,000 to be distributed to the Local Governments from the Federal Chest is to be in full and final extinguishment of all claims hereafter for local purposes ; and that if this from any cause does not suffice, the Local Government must supply all deficiencies from a direct tax on their own localities.”

And the Hon. Mr. Galt, speaking also in Parliament in the course of the same debate, said :—

“ A subsidy of 80 cents per head was provided, based upon the population according to the census of 1861. The amount, if taken upon the basis of the present population, would undoubtedly be considerably less, and it must be observed that the agreement does not contemplate any future extension of this amount. It is to be hoped that, being in itself fixed and permanent in its character, the Local Governments will see the importance—I may say the necessity—of their exercising a rigid and proper control over the expenditure of their several Provinces.”

Here, Sir, we have a leading Liberal and a leading Conservative statesman in earnest words assuring Parliament that under the subsidy scheme, as adopted in the Act of Confederation, all Provincial claims for local purposes were fully and finally extinguished, that the subsidies therein granted were fixed and permanent, and that no future increases were contemplated. Had the wise policy outlined in these two extracts been rigidly adhered to, the finances of the Provinces and of the Dominion as well would now be in a far more satisfactory condition. I say all this, throwing aside all partisanship, recognizing as I do that the whole question is one of extreme difficulty, that upon its successful solution depends in no small degree the stability of Confederation itself, and that therefore, the consideration of it should not be “poisoned by the virus of party feeling.” We can also, with boldness, invite comparison with any one of even the most favoured of the States nearest us. Take the great Commonwealth of Pennsylvania for example. It has a population of 5,258,014, and its gross revenue for the year ending November 30, 1890, was \$8,625,919. It gives very liberal grants, as we do, to Charities, Hospitals, Common Schools and kindred objects. It pays its judiciary over \$500,000 a year, an expenditure with which we are not burdened. At the same time it resorts to several modes of taxation of which the people of Ontario have had happily no experience. For example, the taxes it collects on corporation stock and limited partnerships, on personal property, on bank stock and foreign insurance companies, exceed our total revenue. And yet this favoured Commonwealth is compelled to devote one-fifth of its whole annual revenue to a sinking fund to meet interest on and to redeem the principal of its public debt. Pennsylvania occupies deservedly a prominent place as one of

the most advanced States of the Union. Were I to institute a comparison with many of the other States of the Union as to finances, the result would be still more favourable to us.

THE ESTIMATED EXPENDITURE.

And now only a few words regarding the finances of this present year. Our estimate for this year's expenditure is \$3,472,237, a decrease as compared with last year's estimated expenditure of about \$20,000. It will be found to be a very liberal estimate. As we have done for the last seven consecutive years we will, I am confident, do this year: that is, we will not abuse the generosity of the House. On the contrary, we will keep well within the estimate.

We spent :—

\$39,901 less than was voted in 1885.
 \$259,238 less than was voted in 1886.
 \$221,058 less than was voted in 1887.
 \$118,767 less than was voted in 1888.
 \$178,425 less than was voted in 1889.
 \$177,907 less than was voted in 1890.
 \$193,695 less than was voted in 1891.

The most noticeable feature in the estimated expenditure is that connected with our proposed addition to our Asylum accommodation. We intend to ask the House to grant an appropriation for the erection of an Asylum at or near Brockville. The Provincial Secretary will at an early day fully justify our proposed action in this direction. There is a noticeable increase as compared with last year in the vote we ask for Agriculture. Large, representative and influential deputations have time and again strongly urged that an increased grant should be given to the Electoral District Societies. We now propose to grant to these societies, 87 in number, an increase of \$100 each. In other departments of agriculture we will ask for substantial increases. No words of mine are needed in justification of increases which will tend to promote the vitally important interests of Agriculture. We ask also for an increased grant for Educational purposes, and here again I feel that words of apology would be out of place. The estimate of our receipts for the year is \$3,266,572. I am confident not only that this is a

very careful and moderate estimate, but also that our actual receipts will, as has happened so often in previous years, by a considerable amount exceed it.

ESTIMATED RECEIPTS, 1892.

Subsidy.....		\$1,196,872 80
Interest on Capital held, and Debts due by the Dominion to Ontario.....	\$275,000 00	
Interest on Investments.....	45,000 00	
		<hr/> 320,000 00
CROWN LANDS DEPARTMENT :—		
Crown Lands	50,000 00	
Clergy Lands.....	5,000 00	
Common School Lands	10,000 00	
Woods and Forests	1,035,000 00	
		<hr/> 1,100,000 00
PUBLIC INSTITUTIONS :—		
Toronto Lunatic Asylum	38,500 00	
London “	9,500 00	
Kingston “	3,000 00	
Hamilton “	9,000 00	
Orillia “	2,500 00	
Reformatory for Females	3,500 00	
“ Boys.	700 00	
Central Prison	70,000 00	
		<hr/> 136,700 00
Education Department	42,000 00	
Casual Revenue.....	50,000 00	
Licenses!.....	300,000 00	
Law Stamps	90,000 00	
Algoma Taxes.....	5,000 00	
Drainage Assessment.....	17,000 00	
Insurance Companies' Assessments.....	3,000 00	
Removal of Patients.....	6,000 00	
		<hr/>
Total		<u><u>3,266,572 80</u></u>

A BRIGHT FUTURE PREDICTED.

I have attempted, Sir, to keep my statement altogether free from even the appearance of party controversy, in the belief that what the House desired and the people expected from me was a plain account of our financial position. I expect, indeed I know, Sir, that the criticisms to follow will be made in the same spirit. I have no desire to conceal anything ; I have nothing to conceal. My whole life has been spent in this Province and I am proud of its position, consider it from whatever point

of view you wish. We have demonstrated clearly that our people appreciate to the full, nay that they cherish and make the best possible use of their priceless right of self-government. The history of our municipal institutions, the wonderful growth and success of our educational system, reaching and brightening through its expansiveness every home, even the humblest in the land, prove this most conclusively. My faith in our future is deep, loyal and abiding. The foundations for a career of uninterrupted if not of unexampled prosperity have been wisely and securely laid. The nice balance between a picayune, persistently parsimonious policy on the one hand, which would check development, retard progress and discourage enterprise, and a policy of reckless prodigality on the other hand, which in its turn, while it would bring about momentary spasms of prosperity and create false hopes, would eventually end in humiliation and bankruptcy, has been most evenly preserved. No one will even for a moment underrate the importance of continuing a policy in the management of our finances which has led to such good results and which makes it possible for every citizen of the Province, even in these trying times, to refer with no small degree of pride to our financial position. I wish to say, with all the earnestness I can command, that I know of no State or Commonwealth this wide world over which can this hour present to its people a financial statement more satisfactory, all things considered, than that of our fair Province. May this very desirable state of things long continue. May we be able always to encourage with liberal hand in a hundred different directions, as we have constantly done in the past, deserving institutions and undertakings. And may we always, in the face of this liberal expenditure, be able to point to ample surpluses, highest credit and unfailing resources. How much all this is due to the political prescience, the timely caution, the untiring energy and great ability of the leader of this Government this House well knows.

The greatest boon I can ask for this Province I love so well is that his life may long be spared to shape its destinies and preserve its rights. And thus will his name, even to a greater extent than it is now, and in a woof of brightest and unfading colors, be inseparably woven into and become part of the history of this fair land.

I move, Mr. Speaker, that you do now leave the Chair. (Applause.)

APPENDIX.

STATEMENT shewing amounts payable annually for Certificates, issued by the Treasurer of the Province of Ontario, for "Aid to Railways" and "Annuities."

YEAR.	Railway Aid Certificates.	Annuities.	YEAR.	Railway Aid Certificates.	Annuities.
	\$ c.	\$ c.		\$ c.	\$ c.
			<i>Brought forward</i>	1,185,321 56	1,324,000 00
1892	141,218 84	66,200 00	1912.....	9,794 40	66,200 00
1893.....	141,218 84	66,200 00	1913.....	9,794 40	66,200 00
1894.....	141,218 84	66,200 00	1914.....	9,794 40	66,200 00
1895.....	141,218 84	66,200 00	1915.....	9,794 40	66,200 00
1896.....	136,210 64	66,200 00	1916.....	9,794 40	66,200 00
1897.....	115,658 78	66,200 00	1917.....	9,794 40	66,200 00
1898.....	87,145 78	66,200 00	1918.....	9,794 40	66,200 00
1899.....	72,713 39	66,200 00	1919.....	9,794 40	66,200 00
1900.....	66,640 38	66,200 00	1920.....	9,794 40	66,200 00
1901.....	34,834 97	66,200 00	1921.....	9,794 40	66 200 00
1902.....	18,677 37	66,200 00	1922.....	9,794 40	66,200 00
1903.....	10,209 69	66,200 00	1923.....	9,794 40	66,200 00
1904.....	9,794 40	66,200 00	1924.....	9,794 40	59,500 00
1905.....	9,794 40	66,200 00	1925.....	9,794 40	45,800 00
1906.....	9,794 40	66,200 00	1926.....	9,794 40	32,650 00
1907.....	9,794 40	66,200 00	1927.....	9,794 40	20,250 00
1908.....	9,794 40	66,200 00	1928.....	9,794 40	14,000 00
1909.....	9,794 40	66,200 00	1929.....	9,794 40	14,000 00
1910.....	9,794 40	66,200 00	1930.....	9,094 80	14,000 00
1911.....	9,794 40	66,200 00	1931.....	5,596 80	7,000 00
<i>Carried forw'd</i>	1,185,321 56	1,324,000 00	Totals.....	1,376,312 36	2,325,600 00

PROVINCIAL AUDITOR'S OFFICE,
TORONTO, February, 16th, 1892.

C. H. SPROULE,
Provincial Auditor.

STATEMENT shewing amounts payable annually for Certificates

Name of Railway	1892.	1893.	1894.	1895.	1896.	1897.
	\$ c.	\$ c.	\$ c.	\$ c.	\$ c.	\$ c.
Canada Atlantic.	22,744 38	22,744 38	22,744 38	22,744 38	22,744 38	22,744 38
Credit Valley....	24,057 82	24,057 82	24,057 82	24,057 82	24,057 82	23,220 76
Erie & Huron ...	6,110 02	6,110 02	6,110 02	6,110 02	6,110 02	6,110 02
Grand Trunk, G. B. & Lake Erie	11,493 30	11,493 30	11,493 30	11,493 30	11,493 30	11,493 30
Grand Junction..	11,903 38	11,903 38	11,903 38	11,903 38	11,903 38	11,903 38
Hamilton & N. Western	1,553 02	1,553 02	1,553 02	1,553 02	1,553 02	.....
Belleville & N. Hastings	5,710 32	5,710 32	5,710 32	5,710 32	5,710 32	2,855 16
North Simcoe ...	7,212 08	7,212 08	7,212 08	7,212 08	7,212 08	3,606 04
Kingston & Pem- broke	19,671 16	19,671 16	19,671 16	19,671 16	19,671 16	19,671 16
Prince Arthur's Landing	1,037 36	1,037 36	1,037 36	1,037 36	518 68	... ..
Victoria	15,442 08	15,442 08	15,442 08	15,442 08	15,442 08	4,260 24
Whitby, Pt. Perry & Lindsay	4,489 52	4,489 52	4,489 52	4,489 52	.....	.....
Pt. Arthur, Dul'th & Western	8,395 20	8,395 20	8,395 20	8,395 20	8,395 20	8,395 20
Parry Sound Col- onization Rail- way Co.	1,399 20	1,399 20	1,399 20	1,399 20	1,399 20	1,399 20
Totals	141,218 84	141,218 84	141,218 84	141,218 84	136,210 64	115,658 78

NOTE.—Certificates falling due after 1903 : Port Arthur and Duluth Ry.,
do do Parry Sound & Coln. Ry. Co.,

PROVINCIAL AUDIT OFFICE,

TORONTO, February 16th, 1892.

issued by the Treasurer of Ontario in aid to Railways.

1898.	1899.	1900.	1901.	1902.	1903.	Totals.
\$ c.	\$ c.	\$ c.	\$ c.	\$ c.	\$ c.	\$ c.
22,744 38	22,744 38	22,744 38	6,180 99	.....	.....	210,880 41
10,378 93	104 68	.....	.....	.....	.....	153,993 41
6,110 02	6,110 02	6,110 02	6,110 02	3,055 01	.....	64,155 21
11,493 30	11,493 30	8,320 42	.....	.....	.....	100,266 82
6,953 59	2,795 45	.....	.....	.....	.....	81,169 32
.....	.....	.....	.....	.....	.....	7,765 10
.....	.....	.....	.....	.....	.....	31,406 76
.....	.....	.....	.....	.....	.....	39,666 44
19,671 16	19,671 16	19,671 16	12,749 56	5,827 96	415 29	196,033 25
.....	.....	.....	.....	.....	.....	4,668 12
.....	.....	.....	.....	.....	.....	81,470 64
.....	.....	.....	.....	.....	.....	17,958 08
8,395 20	8,395 20	8,395 20	8,395 20	8,395 20	8,395 20	100,742 40
1,399 20	1,399 20	1,399 20	1,399 20	1,399 20	1,399 20	16,790 40
87,145 78	72,713 39	66,640 38	34,834 97	18,677 37	10,209 69	1,106,966 36

329 @ \$699.60=\$230,168.40. Last Certificate due 1st July, 1931.
 56 @ 699.60=\$ 39,177.60. do do

C. H. SPROULE,
 Provincial Auditor.

